GOVERNMENT OF INDIA
RURAL DEVELOPMENT
LOK SABHA

UNSTARRED QUESTION NO:1681
ANSWERED ON:30.07.2015
RIDF
Rajesh Shri M. B.

Will the Minister of RURAL DEVELOPMENT be pleased to state:

(a) whether the Government has proposed to conduct a comprehensive review of implementation of Rural Infrastructure Development Fund (RIDF);

(b) if so, the details thereof:

(c) whether the Government proposes to restructure the RIDF; and

(d) if so, the details thereof ?

Answer

MINISTER OF RURAL DEVELOPMENT
(SHRI BIRENDER SINGH)

(a) to (d): The Rural Infrastructure Development Fund (RIDF) which is a fund of National Bank for Agriculture and Rural Development (NABARD) does not come in the purview of Ministry of Rural Development. Information obtained from NABARD indicates that the implementation of RIDF is being reviewed periodically by NABARD's Board of Directors and the Project Sanctioning Committee (PSC) which is Sub Committee of Board, empowered to sanction RIDF projects. The brief on Implementation of RIDF as supplied by NABARD is enclosed as Annexure-I and the list of activities covered under RIDF is enclosed as Annexure-II.

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Annexure-I

Statement referred to in reply to parts (a) to (d) of Lok Sabha Unstarred Q. No. 1681 due for answer on 30th July, 2015

Brief on Implementation of RIDF

1. The Rural Infrastructure Development Fund (RIDF) was set up with NABARD in 1995-96 from out of shortfall in lending to priority sector by scheduled commercial banks. The fund which started as a "last mile approach" to facilitate completion of ongoing irrigation, flood protection and watershed management during 1995-96, today covers as many as 34 activities which are broadly classified under three categories as (i) Agriculture and related sector (ii) Social sector and (iii) Rural connectivity (Annexure II). While annual corpus level has grown from Rs.2,000 crore in 1995-96 to Rs.25000 crore under RIDF XXI (2015-16), the cumulative allocation (RIDF I to XX) stood at Rs.2,17,500 crore (inclusive of Rs.18500 crore under Bharat Nirman Programme). As many as 5,36,781 projects have been sanctioned to 30 State Governments/UTs involving cumulative sanction of Rs.2,30,951 crore against which Rs.1,66,489 crore have been disbursed as on 31 March 2015. Over the years, RIDF has emerged as the single largest source of public capital formation (19%) from financial institutions and the demand from State Governments has been increasing.

2. NABARD has been able to support infrastructure projects of 30 State Governments/UTs during the last two decades and RIDF has become very cost effective source of funding. Apart from funding, NABARD has added value in terms of sector-wise critical infrastructure planning through State Focus Papers, appropriate prioritization of projects, streamlining the procedural aspects like prior administrative approval, e-tendering processes, periodical review of projects by High Power Committee chaired by Chief Secretary of the State Governments. NABARD has also given priority for agriculture related and irrigation projects with higher quantum of loan at 95% and given due weightage for North East Region and hilly states for connectivity and social sector projects. Out of the earnings from RIDF funding, NABARD has created Rural Infrastructure Promotion Fund to provide grant assistance for innovative infrastructure pilots and capacity building of stakeholders.

3. The RIDF assistance to various State Governments is estimated to have created an irrigation potential of 258 lakh ha and 396 lakh kms of rural roads creating recurring employment of 1.80 crore jobs and non-recurring employment of 1132 crore mandays. A few studies on the impact of RIDF by reputed national institutes like IIMs, IITs have documented improved agricultural productivity and improved income levels of farmers and also revealing enhanced demand for credit in the project areas apart from diversification of lending portfolio, growth in deposits, improved branch network leading to greater financial inclusion.

4. Over the years, depending upon the public capital formation requirement in different critical rural infrastructure, various state governments have approached NABARD for inclusion of additional activities which have been recommended by Board of NABARD and approved by Government of India as eligible for funding under RIDF. The list of such activities added over the years is given in Annexure I.

5. To evaluate the effectiveness of RIDF on the intended outcomes in rural India and also to look at possible improvements in funding policy and operational systems and procedures,
NABARD has commissioned 12 Impact Evaluation Studies to assess the overall impact of RIDF interventions at ground level. These studies across irrigation and connectivity sectors covering all geographical zones in the country have been outsourced to reputed national level institutions with requisite academic and research capabilities like IIMs, IITs. The main objectives of RIDF Impact Evaluation Study include the following:

6. The preliminary findings indicate positive impact of RIDF funding of projects on improved agricultural productivity and improved income levels of farmers but also revealed enhanced demand for credit in the project areas apart from diversification of lending portfolio, growth in deposits, improved branch network leading to greater financial inclusion.

Annexure-II
Statement referred to in reply to parts (a) to (d) of Lok Sabha Unstarred Q. No. 1681 due for answer on 30th July, 2015